

MAINE STATE LEGISLATURE

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L.D. 742

(Filing No. S- 86)

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STATE OF MAINE
SENATE
115TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A " to S.P. 265, L.D. 742, Bill, "An Act Relating to Health Insurance"

Amend the bill in Part B in section B-1 in that part designated "§2318." by striking out all of subsection 1 (page 2, lines 37 to 39 in L.D.) and inserting in its place the following:

'1. Definition. "Dependent children" means children who are under 19 years of age and are children, stepchildren and adopted children of the subscriber or member or spouse of the subscriber or member.'

Further amend the bill in Part B in section B-1 in that part designated "§2318." in subsection 2 in the 7th line (page 2, line 47 in L.D.) by inserting after the following: "conditions" the following: 'as'

Further amend the bill in Part B by inserting after section B-1 the following:

'Sec. B-2. 24 MRSA §2332-A, as enacted by PL 1987, c. 402, Pt. A, §149, is amended to read:

§2332-A. Coordination of benefits

Provisions contained in group and nongroup nonprofit hospital, medical service or health care subscriber contracts relating to coordination of benefits payable under the contract and under other plans of insurance or of health care coverage under which the subscriber or his the subscriber's dependents may be covered shall must conform to rules promulgated by the superintendent. The rules may establish uniformity in the permissive use of coordination of benefits provisions in order to ensure that the subscriber receives full benefits for covered

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2 medical services, to enhance cost containment through avoidance
 4 of windfall payments and to avoid claim delays and
 6 misunderstandings that otherwise result from the use of
inconsistent or incompatible provisions among the several
insurers and nonprofit hospital, medical service and health care
plans.'

8 Further amend the bill in Part B in section B-2 in that part
 10 designated "~~§2742.~~" by striking out all of subsection 1 (page 3,
 lines 18 to 20 in L.D.) and inserting in its place the following:

12 '1. Definition. "Dependent children" means children who
 14 are under the age of 19 and are children, stepchildren and
adopted children of the subscriber or member or spouse of the
subscriber or member.'

16 Further amend the bill in Part B in section B-3 in that part
 18 designated "~~§2833.~~" by striking out all of subsection 1 (page 3,
 20 lines 38 to 40 in L.D.) and inserting in its place the following:

22 '1. Definition. "Dependent children" means children, who
 24 are under the age of 19 and are children, stepchildren and
adopted children of the subscriber or member or spouse of the
subscriber or member.'

26 Further amend the bill in Part B in section B-4 in that part
 28 designated "~~§4234.~~" by striking out all of subsection 1 (page 4,
 lines 11 to 13 in L.D.) and inserting in its place the following:

30 '1. Definition. "Dependent children" means children, who
 32 are under the age of 19 and are children, stepchildren and
adopted children of the subscriber or member or spouse of the
subscriber or member.'

34 Further amend the bill in Part B by renumbering the sections
 36 to read consecutively.

38 Further amend the bill by striking out all of Part C and
 40 inserting in its place the following:

42 **PART C**

44 **Sec. C-1. 24-A MRSA §5052-A is enacted to read:**

46 **§5052-A. Trial examination period**

48 Nursing home care and long-term care policies must have a
 50 notice prominently printed on the first page of the policy or
certificate or attached to the first page stating in substance
that the applicant has the right to return the policy or
certificate within 30 days of its delivery and to have the

2 premium refunded if for any reason, after examination of the
3 policy or certificate, the applicant is not satisfied.

4 **Sec. C-2. 24-A MRSA §5053, as enacted by PL 1985, c. 648,**
5 **§12, is amended to read:**

6 **§5053. Rulemaking, disclosure standards, compensation**
7

8 The superintendent may promulgate reasonable rules to
9 provide for the full and fair disclosure of information in
10 connection with the sale of long-term and nursing home care
11 policies, including, but not limited to, outline of coverage
12 requirements and requirements relating to the replacement sale of
13 the policies and compensation or commission to an agent or
14 representative for the sale of a nursing home or long-term care
15 policy or certificate.

16 The superintendent may promulgate reasonable rules setting
17 or limiting the rate of compensation or commission to an agent or
18 other representative for the sale of a nursing home or long-term
19 care policy or certificate and regarding replacement sale of a
20 nursing home or long-term care policy or certificate.

21 **Sec. C-3. 24-A MRSA §5056 is enacted to read:**

22 **§5056. Standards for marketing**

23 Every insurer, health care service plan or other entity
24 marketing nursing home care or long-term care insurance coverage
25 in this State, directly or through its producers, shall:

26 1. Policy comparison. Establish marketing procedures to
27 ensure that any comparison of policies by its agents or other
28 producers is fair and accurate;

29 2. Excessive insurance. Establish marketing procedures to
30 ensure that excessive insurance is not sold or issued. The
31 procedures must include a specific standard for persons covered
32 by Medicaid;

33 3. Replacement policy. Establish marketing procedures that
34 set forth a mechanism or formula for determining whether a
35 replacement policy or certificate contains benefits clearly and
36 substantially greater than the benefits under the replaced
37 policy; and

38 4. Compliance procedures. Establish auditable procedures
39 for verifying compliance with the standards set out in this
40 section.'

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2 Further amend the bill in Part D by striking out all of
section D-2 (page 5, lines 46 to 52 and page 6, lines 1 to 3 in
L.D.) and inserting in its place the following:

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'Sec. D-2. 24-A MRSA §2627-A is enacted to read:

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§2627-A. Dividends and experience refunds

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10 The following requirements apply to all group life insurance
with the exception of insurance in which the policyholder is
subject to the fiduciary standards of the federal Employee
Retirement Income Security Act of 1974, ERISA, 29 United States
Code, Section 1001-1381 (1975).

14

16 1. Refunds. The amount by which any dividend, experience
refund or rate reduction exceeds the amount of premium
contributed by the group policyholder for the same period must be
refunded to the employees, members or debtors in proportion to
their premium contributions for that period, except as provided
in subsection 2.

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24 2. Refund amounts less than \$25 per employee, member or
debtor. If the refunds required by subsection 1 would average
less than \$25 per employee, member or debtor, then the group
policyholder may request approval from the superintendent to
apply those amounts in a different manner. The superintendent
shall approve the request if, in the superintendent's opinion,
the manner of application proposed would be for the sole benefit
of insured employees, members or debtors.'

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32 Further amend the bill in Part D by striking out all of
section D-4 (page 6, lines 8 to 17 in L.D.) and inserting in its
place the following:

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'Sec. D-4. 24-A MRSA §2812-A is enacted to read:

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§2812-A. Dividends and experience refunds

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40 The following requirements apply to all group health
insurance with the exception of insurance in which the
policyholder is subject to the fiduciary standards of the federal
Employee Retirement Income Security Act of 1974, ERISA, 29 United
States Code, Section 1001-1381 (1975).

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46 1. Refunds. The amount by which any dividend, experience
refund or rate reduction exceeds the amount of premium
contributed by the group policyholder for the same period must be
refunded to the employees, members or debtors in proportion to
their premium contributions for that period, except as provided
in subsection 2.

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R. of S.

COMMITTEE AMENDMENT "A" to S.P. 265, L.D. 742

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2. Refund amounts less than \$25 per employee, member or debtor. If the refunds required by subsection 1 would average less than \$25 per employee, member or debtor, then the group policyholder may request approval from the superintendent to apply those amounts in a different manner. The superintendent shall approve the request if, in the superintendent's opinion, the manner of application proposed would be for the sole benefit of insured employees, members or debtors.'

Further amend the bill by inserting at the end before the statement of fact the following:

FISCAL NOTE

This bill authorizes the Bureau of Insurance to promulgate rules regarding compensation and commission and disclosure of information. The costs associated with the rulemaking process can be absorbed within current budgeted resources of the Department of Professional and Financial Regulation.'

STATEMENT OF FACT

This amendment changes the definition of dependent children in 4 sections. It provides for coordination of benefits in nongroup nonprofit hospital, medical service or health care subscriber contracts.

The amendment removes the compensation provisions of the bill and allows the Superintendent of Insurance to promulgate rules regarding compensation and commission and disclosure of information on compensation and commission and on replacement policies.

The amendment allows refunds required by section D-2 of the bill to be applied in a different manner if they do not exceed \$25 per employee, member or debtor and if approved by the Superintendent of Insurance. The amendment exempts from the refund requirements insurance that is subject to the fiduciary standards of the federal Employee Retirement Income Security Act of 1974.

This amendment adds a fiscal note showing that costs will be absorbed by the Bureau of Insurance.

Reported by Senator Kany for the Committee on Banking and Insurance. Reproduced and Distributed Pursuant to Senate Rule 12.
(4/23/91) (Filing No. S-86)

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